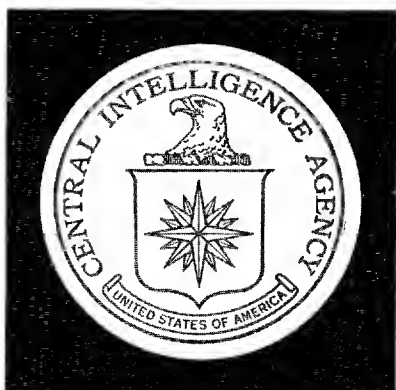


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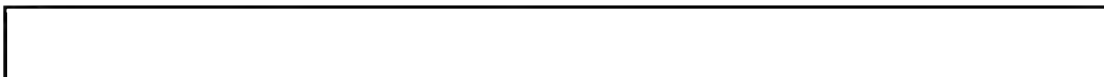
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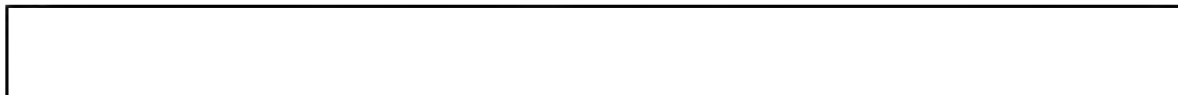
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[Vietnam: The Communists' new ten-point program announced on 8 May appears designed to capture some of the propaganda initiative lost as a result of South Vietnamese President Thieu's initiative in March.

The program restates basic objectives, but with a hint of flexibility. Communist goals still appear to be the unilateral withdrawal of US forces and the replacement of the present government of South Vietnam with a coalition government which the Communists will be able to control.

There is a hint, however, in the new program that the Communists might be considering a call for a cease-fire before a political settlement has been worked out. This is the strongest such hint to date from the Communists. The new proposal also used vague language which may be intended to leave room for cooperation with Saigon in a coalition arrangement.

The new statement, however, cuts directly across allied insistence that troop withdrawals must be mutual. The new phrasing insists that US withdrawals must be unconditional and unilateral, and hints that any discussion of North Vietnamese withdrawals--if they are to be discussed at all--will be negotiated only by the "Vietnamese sides."

* * * *

Saigon and Hue were hit by terrorist attacks on 8 May, although military action throughout most of the country remained at a low level.

In the capital's worst rash of terrorism this year, five South Vietnamese were killed and nearly 50 others, including six Americans, were wounded on 7-8 May. Two bombs were set off in the central post office located several blocks from the US **]**

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Embassy. There were four other incidents involving the use of grenades or hidden explosives against US and South Vietnamese cars and trucks.

Hue received eight rounds of 122-mm. rocket fire on 8 May. Three civilians were killed and two others wounded, including one American. This was the first such attack in almost two months and was directed against the section of town that contains most government activities.



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USSR: The chief political officer of the Soviet armed forces has strongly reaffirmed party supremacy over the military.

The text of an article by General Yepishev in the most recent issue of the party's foremost journal, Kommunist, has just been received in Washington. Yepishev is the head of the Chief Political Directorate of the Army and Navy, and as such is the ranking officer of the apparatus responsible for the political indoctrination of the armed forces. His article, which was available in Moscow nearly two weeks ago, received extensive comment, and was misrepresented in important respects in some Western press accounts.

The Yepishev piece does not, as some of these accounts have alleged, revive the doctrine, discarded in the Khrushchev years, that war between the capitalist and Communist world is "inevitable." It does remind that such wars are "possible" and that "if the imperialists nevertheless succeed in unleashing" a third world war the Communist side would win.

Although this does not contradict the Khrushchev line, it does shift the emphasis. The Khrushchev position was susceptible to the interpretation that, in Moscow's view, war was not only undesirable but unthinkable. Even before Khrushchev's overthrow, it was evident that the political and military leadership was not comfortable with this position. As a theoretical base for political indoctrination and strategic planning, it had the effect of undermining the *raison d'etre* of the Soviet armed forces.

Yepishev also reaffirms the validity of Lenin's doctrine, borrowed from Clausewitz, that war is the continuation of politics by other means. This dogma, too, had lost favor in Khrushchev's last years. Its

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revival is not new with Yepishev, however, but began soon after Khrushchev's overthrow.

Using the approaching Lenin centennial as a springboard for a discussion of morale and discipline in the armed forces, Yepishev underscores the supremacy of the party across the whole spectrum of military affairs. The party is to have the last word on military doctrine and on the allocation of resources between civilian and military claimants and within the armed forces themselves. At the same time, Yepishev's reiteration of the traditional line that men and their morale are as decisive an element in war as equipment reads as a call for an even more intensive indoctrination of military personnel. Neither point is likely to win the professional soldiers' favor.

There is nothing in the text or in the circumstances of the article's appearance to indicate that Yepishev is responding to a challenge from the military. The vigor of his restatement of traditional principles concerning army-party relations may mean, however, that the Soviet authorities believe that the "political consciousness" of the military could stand improving.

The high mortality rate recently among senior members of the Soviet military establishment probably has little if any political significance. Although nine general officers have died during the past two weeks, eight others did so during a similar period in late January - early February.

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USSR: Moscow has taken a step toward ratifying the nonproliferation treaty (NPT), but continues to link final action to West German adherence.

First Deputy Foreign Minister Kuznetsov told Ambassador Beam yesterday that the Soviet Government had decided to approve the treaty and to place it before the Supreme Soviet for ratification. He stipulated, however, that "completion of the process" will "greatly depend" on accession to the treaty by countries potentially capable of producing nuclear weapons, especially West Germany. Kuznetsov did not reply directly to the US proposal that Moscow and Washington simultaneously complete ratification in order to encourage other states to act.

Kuznetsov again made clear that Moscow looks to the US to bring West Germany along. He had argued in Washington last month that the US had assured the Soviets, when the NPT was in preparation, that West Germany "would be a party" to the treaty.

The Soviets--who could ratify in a matter of minutes if they chose--gave no indication of how long their tactical delay of the final act of ratification might last. Poland and Czechoslovakia have now ratified, and the Soviets may be disinclined to hold back indefinitely.

There are obvious disadvantages to Moscow in continuing to mark time while encouraging others to move rapidly. The Soviets are nonetheless inhibited by Bonn's inaction, and disturbed by Bonn's efforts to seek a political price from Moscow for West German signature. Bonn is expected to hold off until after the national elections next September.

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West Germany: Pressure to revalue the deutsche-mark (DM) increased sharply yesterday as speculative money flooded into West Germany.

The Bundesbank bought about \$1.24 billion in foreign exchange, surpassing by almost \$400 million the peak daily volume during the monetary crisis of last November. The bank's efforts to send substantial amounts of these funds back out of the country have been generally unsuccessful because of the conviction of the international financial community that a DM revaluation is imminent.

Although the rush toward the DM has entailed a flight from virtually every currency, including the US dollar, the dollar has remained basically strong. The absence of any immediate threat to the dollar is evident in the relatively sluggish activity in Europe's major gold markets, where prices continued stable.

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Europe: [The Council of Europe may find it difficult to avoid a decision at its next meeting in December on continued Greek membership.]

[The council's committee of ministers adopted a resolution on 6 May expressing "anxiety" over the Greek situation and recognizing the need for Athens' return to democracy. The resolution, which supported a recommendation by the Consultative Assembly in January, further stated that the assembly's recommendation will be brought to the attention of the Greek Government so that it may "draw the necessary conclusions."]

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[The resolution states that the committee of ministers is "ready to take a decision" on the Greek membership issue at its next meeting in December. The committee apparently hopes to have in its hands by that time a report on the Greek situation by the Commission of Human Rights to serve as a partial basis for the decision.]

[The present Greek regime is not likely either to make significant reforms or to withdraw voluntarily from the Council of Europe between now and December. Athens' course of action, however, depends at least partially on its own assessment of the likelihood of Greece's being expelled from the council.]

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Lebanon: Clashes between the Lebanese Army and the fedayeen are increasing in tempo and intensity, as the political crisis remains unresolved.)

As the army increases its efforts to contain the fedayeen, a number of clashes have taken place. The latest series of such incidents, which began on 4 May, has pitted the army against Saiqah, the Syrian backed organization. Thus far, seven commandos and two soldiers have been killed.)

Lebanese troops in general are reported increasingly angry over fedayeen attacks on their units. One military commander in central southern Lebanon has on his own moved his troops from positions along the Lebanese-Israeli border to other positions from which they could better face the fedayeen entering Lebanon from Syria.)

Yesterday Fatah leader Yasir Arafat and President Nasir's personal representative, Sabri al-Khuli, who is apparently delivering a message to the Lebanese Government, met with fedayeen leaders in Beirut. They also held discussions with President Hilu.)

Lebanon remains without a cabinet, as Hilu is apparently unable to find a Muslim political leader willing to form a new government. The main stumbling block is the demand by Rashid Karami and other leading candidates that there must be a national consensus on fedayeen policy. The political crisis may therefore continue unresolved for some time to come.)

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East Germany - Cambodia: Pankow scored another diplomatic success yesterday when relations with Cambodia were elevated to the ambassadorial level.

The action followed by eight days an Iraqi agreement to recognize East Germany. The East Germans presumably will now try to exploit these decisions to persuade other third world countries to follow suit. Statements issued in East Berlin and Phnom Penh suggest that the Cambodians were belatedly "rewarding" East Germany for recognizing Cambodia's borders.

West Germany will regard the Cambodian action with concern. In an attempt to prevent a possible chain reaction of recognitions, Bonn probably will declare Phnom Penh's move "an unfriendly act" and may go so far as to break diplomatic relations and terminate further commitments under its modest aid program. Bonn had allotted Cambodia \$6 million, as of December 1968.

In the Sudan, the leftist foreign minister announced on 5 May that he was resurrecting an earlier proposal to establish relations with East Germany. His statement appears to have been a reaction on his part to a move in the Sudanese Constituent Assembly to re-establish relations with the US and West Germany, rather than the product of an overture at this time from Pankow.

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Nationalist China: President Chiang Kai-shek has apparently decided to permit some streamlining of Taiwan's oversized armed forces.

The Generalissimo's son, Defense Minister Chiang Ching-kuo, has informed the US ambassador that "preliminary actions" have been taken on a three-phase program to cut back and reorganize the present 590,000-man armed forces. The defense minister said that the first phase, to begin in July, would cut about 53,000 men from the army; he did not elaborate on the nature or timing of the other phases.

Chiang Ching-kuo emphasized that the changes would not reduce combat effectiveness, an apparent reminder that significant troop cuts depend on US willingness to provide modern arms and equipment.

Recent US agreement to proceed with the first phase of a joint helicopter production project provides Chiang Ching-kuo with added leverage to ensure that the streamlining program is supported at the top level of the government, particularly by the army leadership.

President Chiang and many other Nationalist officials have opposed force reduction in the past because they believed such a move would be interpreted as an abandonment of the regime's traditional goal of returning to the mainland and thereby undermine the legitimacy of Kuomintang rule on Taiwan. Growing economic pressures, however, apparently have forced the regime to accept the need for reorganization of its expensive military establishment.

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Turkey: Religious reaction has again surfaced in Turkey, raising the prospect of increasing violence during the approaching parliamentary election campaign.

A relatively minor incident during the funeral of a public official noted for his liberal religious views has been seized upon by the political opposition to attack the Justice Party government headed by Prime Minister Demirel. A censure motion in parliament against the government was easily beaten, but the lines have been sharply drawn.

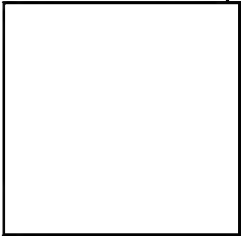

A major demonstration in Ankara protesting the funeral incident, and the resultant charges and countercharges by key political figures, have dramatized one of the most profound issues in modern Turkish society: the place of religion in society and the de-emphasis accorded the Muslim religion during the Ataturk reform period.

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25X1  Finland-Europe: Helsinki has informed all European governments, the US, and Canada that it is willing to host a European security conference and a preparatory session. The Finnish Government maintains that its action has not been prompted by any other state, but its proposal will no doubt be welcomed by Moscow. The idea of a security conference was discussed at the April meeting of the Nordic foreign ministers, but the Finns offered no proposals at that time. The Finnish note suggests discussions among the governments concerned to determine if the essential preconditions for a conference exist. There is reason to believe that the Finnish Government thinks that Helsinki is not likely to be the site of any eventual conference because of the lack of facilities. 

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